

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 CU-02 AID-05 EB-07 OPIC-03 COME-00

OMB-01 TRSE-00 SS-15 SP-02 L-02 H-01 NSC-05 CIAE-00

INR-05 NSAE-00 RSC-01 INT-05 OES-03 FEA-01 PRS-01

/070 W

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R 031830Z DEC 74

FM AMEMBASSY QUITO

TO SECSTATE WASHDC 3552

INFO AMCONSUL GUAYAQUIL

C O N F I D E N T I A L QUITO 8235

E.O. 11652: GDS

TAGS: EINV PFOR EC

SUBJECT: MEETING WITH MINISTER OF NATURAL RESOURCES ON ADA AND
TEXACO/GULF PROBLEMS

1. ACCOMPANIED BY DCM HEMENWAY, I PAID A COURTESY CALL ON
NEW MINISTER OF NATURAL RESOURCES SALAZAR AFTERNOON
DECEMBER 2. MY CALL HAD BEEN DELAYED PRIMARILY BY A DESIRE
NOT TO RUSH CONSPICUOUSLY IN, GIVEN THE PROBLEMS WE CURRENTLY
HAVE WITH BOTH ADA AND TEXACO/GULF, AND SECONDARILY BY A BRIEF
BOUT WITH THE FLU.

2. MINISTER SALAZAR RECEIVED US ALONE. HE WAS CORDIAL,
ATTENTIVE AND FORTHCOMING. I FIRST EXPRESSED MY CONGRATULA-
TIONS ON HIS APPOINTMENT AND ON HIS PROMOTION TO ADMIRAL. I
SAID THAT THE MISSION WAS AT HIS DISPOSITON IF IT COULD BE
HELPFUL IN ANY WAY. REFERRING TO OUR INTERNATIONAL VISITOR
PROGRAM OF RECENT YEARS IN WHICH WE HAVE SENT REPRESENTATIVES
OF THE MINISTRY AND/OR CEPE TO THE STATES AS GRANTEES, I
SAID THAT WE WERE PLEASED THAT TWO MINISTRY SECTION HEADS
HAD ACCEPTED INVITATIONS TO GO THIS (FISCAL) YEAR. IN
THIS CONTEXT, I SAID THAT I HAD RECENTLY LEARNED THAT THE
MINISTER HAD INFORMALLY EXPRESSED A DESIRE FOR A THIRD
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SECTION HEAD TO BE INVITED. THIS POSED DIFFICULTIES FOR

US, I ADDED, SINCE THE PROGRAM HAD ALREADY BEEN DECIDED UPON FOR THE YEAR. NEVERTHELESS, I WOULD SEE WHETHER AN ADDITIONAL INVITATION MIGHT NOT BE EXTENDED THIS FISCAL YEAR. (FYI - SEPTTEL WILL BE FORTHCOMING ON THIS.)

3. IT BEING THE BULLFIGHT SEASON IN QUITO THIS WEEK, I DECIDED TO GRASP THE ADA BULL BY THE HORNS. I TOLD THE MINISTER I WANTED TO TAKE ADVANTAGE OF THE OCCASION TO CLARIFY MY POSITION AND THAT OF THE DEPARTMENT ON THE ADA CASE. I SAID FONMIN SUBSECRETARY VALDEZ AND I HAD DISCUSSED THIS MATTER TWO OR THREE TIMES. IN EACH INSTANCE I HAD EXPRESSED MY HOPE AND THAT OF THE USG THAT THE CASE WOULD BE PROMPTLY DEALT WITH SO THAT IT WOULD NOT BECOME A DISRUPTIVE FACTOR IN OUR RELATIONSHIPS. AT NO TIME HAD I EVER SUGGESTED, NOR HAD THE DEPARTMENT SUGGESTED, THAT THE CONTRACT BE GIVEN BACK TO THE ADA CONSORTIUM. INSOFAR AS THE TELEGRAM FROM CHARGE' GABELA WAS CONCERNED (I DID NOT REFER TO HIM BY NAME), THAT HAD BEEN A MISUNDERSTANDING. SUBSECRETARY VALDEZ, I CONCLUDED, WAS FAMILIAR WITH THE CASE, HAD SPOKEN WITH THE EMBASSY IN WASHINGTON, AND COULD PROVIDE FURTHER DETAILS.

4. MINISTER SALAZAR RESPONDED BY THANKING ME FOR CALLING ON HIM AND SAID THAT HE HOPED THAT THE COOPERATION BETWEEN HIS MINISTRY AND THE EMBASSY WOULD CONTINUE. WITH REFERENCE TO THE ADDITIONAL IV INVITATION, HE SAID THAT THIS WAS NOT A MATTER OF GREAT URGENCY, THAT IF THE PROGRAM WERE FULL HE WOULD UNDERSTAND, BUT THAT HE WOULD HAVE LIKED A THIRD SECTION HEAD TO VISIT THE UNITED STATES.

5. TURNING THEN TO THE ADA CASE, THE MINISTER THANKED ME FOR MY EXPLANATION. HE SAID HE WAS SURE I COULD UNDERSTAND "HOW A TELEGRAM LIKE THAT WOULD AFFECT A COUNTRY LIKE THIS". HE THEN REFERRED TO PRESIDENT RODRIGUEZ LARA'S POLICY OF WELCOMING FOREIGN CAPITAL SO LONG AS IT RESPECTED ECUADOREAN LAWS AND MADE BRIEF REFERENCE TO ECUADOR'S POLICY OF CONTROL OVER ITS OWN NATURAL RESOURCES. HE MENTIONED THE ESTABLISHMENT OF THE HIGH

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LEVEL COMMISSION ON ADA, SAID THAT ITS WORK WAS PROGRESSING, AND REITERATED THE GOE'S INTENTION TO REIMBURSE ADA FOR ITS "USEFUL INVESTMENTS". I INTERJECTED AT THIS POINT MY UNDERSTANDING OF THE GOVERNMENT OF ECUADOR'S POLICY AND SAID THAT I PERSONALLY WAS SATISFIED WITH THE STEPS THE GOE HAD TAKEN THUS FAR IN THE ADA CASE.

6. SALAZAR THEN SAID THAT HE WOULD LIKE TO MAKE ME AWARE

OF DEVELOPMENTS REGARDING TEXACO/GULF. THE MINISTER SAID THAT HE HAD INHERITED CERTAIN PROBLEMS WHICH HE WAS TRYING TO RESOLVE AS QUICKLY AS HE COULD. THESE INVOLVED CASH PAYMENTS TO TEXACO/GULF. UNFORTUNATELY, IT REQUIRED PRESIDENTIAL DECREES, THERE WAS MUCH TOING AND FROING AMONG GOVERNMENT AGENCIES, BANKS, ETC. HOWEVER, HE WAS TRYING TO SOLVE THIS PROBLEM. WITH RESPECT TO PRODUCTION, HOWEVER, HE SAID THERE HAD BEEN NO RECENT LIFTINGS FROM ECUADOR AND THAT THE "TANKS ARE FULL IN BALAO". SALAZAR SAID HE UNDERSTOOD THE PROFITS MADE BY TEXACO/GULF HAD BEEN DECREASING, THUS RECOGNIZING THE PRICING PROBLEM. HE SAID HE HAD ASKED THE TEXACO MANAGER TO ASSIST ON LIFTINGS, BUT TO DATE NOTHING HAD HAPPENED. THIS LACK OF COOPERATION (HE DID NOT PRECISELY SO CHARACTERIZE IT) WAS CAUSING PROBLEMS WITHIN THE MINISTRY AND ELSEWHERE AND AFFECTED HIS ABILITY TO FIND SOLUTIONS. SO FAR AS THE QUESTION OF CRUDE PRICE WAS CONCERNED, SALAZAR SAID THAT AS I KNEW, ECUADOR WAS A MEMBER OF A GROUP OF PETROLEUM EXPORTING COUNTRIES. THEY WERE GOING TO MEET SOON ON THE QUESTION OF PRICE. UNTIL THAT MEETING TOOK PLACE, IT WAS NOT POSSIBLE POLITICALLY TO RESOLVE THE PRICE PROBLEM.

7. COMMENT: BY "MAKING ME AWARE OF" THE TEXACO/GULF SITUATION, THE MINISTER WAS ASKING ME TO INTERVENE WITH TEXACO/GULF TO ASSIST HIM. ALTHOUGH I DID NOT EXPLICITLY AGREE TO DO SO, I LEFT HIM WITH THE IMPRESSION THAT I WOULD INTEREST MYSELF IN THIS MATTER.
BREWSTER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM INDUSTRY, NATIONALIZATION, BUSINESS FIRMS, FOREIGN INVESTMENTS, PRICES, NEGOTIATIONS, DIPLOMATIC DISCUSSIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 03 DEC 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: izenbei0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974QUITO08235
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740350-1041
From: QUITO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741264/aaaacdb.r.tel
Line Count: 144
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: izenbei0
Review Comment: n/a
Review Content Flags:
Review Date: 16 SEP 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <16 SEP 2002 by cunninfx>; APPROVED <13 MAR 2003 by izenbei0>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: MEETING WITH MINISTER OF NATURAL RESOURCES ON ADA AND TEXACO/GULF PROBLEMS
TAGS: EINV, PFOR, EC, ADA, TEXACO/GULF, (BREWSTER), (SALAZAR)
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005